

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary Public

Date: 3/28/2012

Turkey

Post: Ankara

Turkish Exchanges Result in Increased Trade and Better Policies

Report Categories:

Export Accomplishments - Events

Approved By:

Rachel Nelson

Prepared By:

Samet Serttas

Report Highlights:

FAS Ankara has been encouraging the Turkish agriculture sector to recognize the importance of science-based, trade-friendly, and transparent policies at all levels as well as the benefits to the Turkish food and agriculture economy of the trading partnership with the United States. While this message does not resonate with senior Ag Ministry officials, it has been well received at the grassroots level. Provided below are four examples of outreach programs that provided direct information exchanges about U.S. policies and their benefits to producers and importers.

General Information:**FAS Ankara Policy Outreach – Making progress from the ground up.**

Turkey has become a major political and economic player in Eurasia over the past 10 years due to significant investments in its infrastructure and private sector development. As a result, Turkey is the third fastest growing U.S. agricultural export market, with exports exceeding \$2.5 billion in 2011. This growth, however, has not been helped by Turkey's agricultural policies. The Ministry of Agriculture still clings to old beliefs that the government should have total control of production and, particularly, imports. As an EU candidate country, Turkey has begun harmonizing many of its policies with the EU, but without a good understanding of the principles behind the policies, the results are often confusing and/or conflicting.

FAS Ankara began encouraging the Turkish agriculture sector to recognize the importance of science-based, trade-friendly, and transparent policies at all levels as well as the benefits to the Turkish food and agriculture economy of the trading partnership with the United States. While this message does not resonate with senior Ag Ministry officials, it has been well received at the grassroots level. Provided below are four examples of outreach programs that provided direct information exchanges about U.S. policies and their benefits to producers and importers.

**Sanliurfa Chamber of Commerce and Industry visit to California
October 1-11, 2011**

Who: The Sanliurfa Chamber of Commerce and Industry. The city of Sanliurfa is considered to be the gateway connecting Turkey to the Middle East. It is a rapidly growing large city of approximately 1.6 million people, with imports of 50 million USD and exports of 187 Million USD. The Chamber of Commerce and Industry represents all of the major producers and farmers in the area and has direct input into policy decisions made that affected its region. The Chamber is involved in market development, export and import activities,

industrial zone development, and government relations. The delegation was accompanied by the Deputy Governor of Sanliurfa.

Why Sanliurfa is Important: Sanliurfa is the unofficial capital of the GAP (South East Anatolia) project where the Turkish government has built the world's 3rd largest dam in order to support economic development in a traditionally poor region that borders Syria. The project, once completed, will add 1.8 million hectares of irrigated land to production, significantly increasing both the region's and Turkey's ability to produce fruits, vegetables, cotton and corn. Outreach such as this program is useful as a means to educate existing and new farmers about the benefits of open and transparent policies and to encourage them to lobby the GOT to ensure that all policies are WTO consistent and market based.

The Program: California was selected as the destination for the program due to the similarity in production and climate as well as its potential to become a more important supplier of agricultural products to Turkey. The Sanliurfa region is a major producer of fruits and nuts such as pistachios and pomegranates. Therefore FAS organized a visit to Pom Wonderful to provide an example of an international company that relies on free trade. The group also visited one of the largest farms in the United States, the Tejon Ranch, to see U.S. fattening cattle and pistachio operations. FAS arranged several farm and plant visits so they could also learn about organic milk production and green energy investments. The Deputy Governor was very interested in identifying a sister university for Harran University in order to increase scientific cooperation. In response, FAS organized meetings with directors of international programs at the University of California, Davis. Finally, the delegation visited grain operations and elevators to learn about the licensed warehouse system in the United States, an area that Turkey has been trying to develop for years. The Sanliurfa Commodity Exchange is planning to construct the largest licensed warehouse in Turkey, but they have little experience in this area. The entire program was organized by Senior Agricultural Specialist Samet Serttas, who also accompanied the group as a translator.

The Result: FAS Ankara received very positive feedback about this trip from both the Turkish and Californian participants. Neither the California businesses nor Sanliurfa were aware of the trade and investment potential available for both sides through this partnership. Through this program, the agricultural leaders and senior politicians of the Sanliurfa region learned about the variety and quality of U.S. products, making them much more interested in looking for import opportunities. They also saw first-hand how the U.S. companies rely on free trade for both their inputs as well as for reaching new export markets.

Konya Commodity Exchange visit to World AG expo organized by FAS Ankara February 14-February 22, 2012

Who: Members of the Konya Commodity Exchange explored possible trade opportunities with United States exporters at the World Agriculture Expo in Tulare, California



Why Konya Commodity Exchange is important:

Konya is Turkey's largest grain producing region and is experiencing increased investment in livestock production, including new dairy farms established with U.S. dairy breeding cattle and new milk and cheese factories based on U.S. machinery and technical expertise. The Big Blue Tunnel Project (17 km long) is under development which will provide irrigation for 1,100,000 ha of land in the region beginning in 2014. These improvements will create significant new demand for seed, live animals, irrigation equipment, fertilizers, other farm machinery, and technical expertise in the near future.

The Program: The delegation traveled to Tulare to attend to 2012 World Ag Expo. World Ag Expo is the largest annual agriculture exposition of its type in the United States with 1,600 exhibitors displaying the latest in farm equipment, chemicals, communication equipment, and technology on 2.5 million square feet of exhibit space. The delegation attended the fair and afterwards, toured the Tejon ranch, one of the largest operations in the area. The program concluded with a tour of the University of California, Davis where they learned about new irrigation methods and new technological developments in agriculture such as biotechnology and no till-farming.

The Result: The delegation many one-on-one meetings at the expo, which are expected to generate U.S. exports of live animals, seeds, and agriculture machinery valued at 5 million USD. The delegation gained information on the importance of new technologies (including biotechnology) in relation to their ability to improve their productivity. They also came away with a greater awareness of the quality and variety of U.S. agricultural products and can be expected to help press the Turkish government for greater access to them through a less restrictive import regime.

Rural Development agency visited Washington D.C and Nebraska State

February 25-March 2, 2012

FAS worked with U.S. counterparts to arrange a successful trip for a Turkish delegation seeking to learn about American rural development policy and programs.

Who: The Agriculture and Rural Development Agency officials from Ankara and representatives of their Hatay province, who were interested in learning about USDA's rural development policy and attended a World Bank seminar on rural development.

Why Rural Development is important: Turkey has a large rural population (27%) but many of these people are moving to urban areas in search of increased employment options. Sustainable rural

development is a key part of Turkey's agriculture policy, with the goal of slowing the rate of migration to the largest cities and ensuring a stable economy in the rural areas.



The Program: The State of Nebraska's Rural Development office recently hosted a tour for six of Turkey's rural development experts from the Hatay province, including the governor of Hatay and the head of its rural development agency. The delegation began its program in Washington D.C on February 27, 2011 where they were with high level meetings with the USDA Rural development team which explained USDA's policy initiative. The delegation also met with the National Institute of Food and Agriculture, which gave a briefing about their activities. Following the meetings in Washington, the group flew Nebraska where they were hosted by Nebraska State Director Maxine B. Moul and her staff. Here the group saw some success stories in rural development such as the Prairie Hill Learning Center, the Bell Street Apartments, Prairieland Dairy, Blue Valley Lutheran Homes Assisted Living, MetalQuest, Fillmore County Hospital, and Aurora Coop. "This is a great opportunity for us at USDA Rural Development," said Moul. "To be able to share what practices are working here and what is working in Turkey, puts two perspectives, goals, and best practices together bettering both countries. USDA Rural Development is pleased to share with the delegation a synopsis of our many projects funded throughout Nebraska as well as the partnerships we have built in promoting our programs and initiatives." FAS Ankara also arranged a visit to the University of Nebraska, where the delegation was able to set up cooperative programs on rural development between the University of Nebraska and Mustafa Kemal University in Hatay.

The Result: The Turkish agency was very familiar with rural development programs in Europe but did not know much about similar systems in the United States. They reported that it was very useful to learn more about the U.S. system as a comparison. Strong media coverage in both sides increases awareness among the public about the importance of rural development projects. The cooperative program between the University of Nebraska and Mustafa Kemal University will begin with academic exchange programs that will strengthen the connections made during this visit. The World Bank agreed to initiate a project in the Hatay region to modernize some rural business premises.

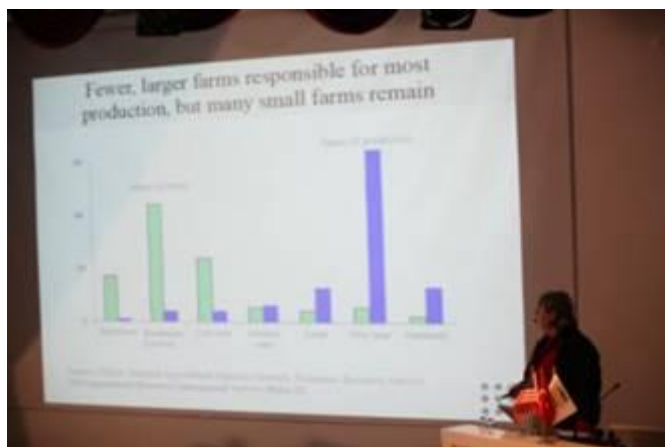
Turkish Grain Board seminar on overview of U.S commodity program February 27-March 2, 2012

The Turkish Grain Board is an agency of Ministry of Food, Agriculture and Livestock and is

responsible for market regulation through grain procurements. The Turkish government and is trying to change the role of TMO and be more adaptive to market conditions. In order to help them consider alternative models, FAS Ankara worked with them to invite two USDA experts, one from USDA's Economic Research Service and one from USDA's Farm Service Agency, to provide seminars on U.S commodity programs.

Why TMO is Important: The Turkish Grain Board is actively involved in controlling grain imports and exports to Turkey. The Board is responsible for decisions on lowering and increasing tariffs and how to allocate quotas. Under normal conditions, bound tariffs of 130% prevent imports of grains to Turkey. Imports occur when TMO lowers the tariffs in response to a perceived domestic need. Therefore it is important for U.S. exporters to encourage the Turkish Government's adoption of more open and transparent policies towards grain procurements. TMO has 4-5 MMT of grain storage capacity in Turkey.

The Program: The after an overview of Turkish commodity programs, including a visit to a TMO elevator which was constructed in 1955 under a U.S. Marshall Aid Program, the USDA experts Anne Effland of USDA Economic Research Service and Terry Hickenbotham of the Farm Service Agency provided an overview of how U.S. farm support policies are developed and how USDA manages them. In addition to the TMO officials, the audience included representatives from farmer groups, Ministry of Agriculture officials, and the press. The experts also participated in a television interview on the government owned TV channel, TRT.



The Result: The USDA experts were able to clarify many misconceptions and explain how USDA's support programs are in line with WTO commitments and how they are designed to follow free market principles. Through the TV interview and newspaper articles, USDA had an opportunity to provide facts about U.S commodity programs which should help justify TMO's efforts to re-organize itself into a market disturbing structure in the future.